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FM AMEMBASSY KUWAIT  
TO RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE  
RUEHC/SECSTATE WASHDC IMMEDIATE 1658  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY  
RUEHLO/AMEMBASSY LONDON PRIORITY 1075

C O N F I D E N T I A L SECTION 01 OF 03 KUWAIT 004717

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STATE FOR EB/ESC/TFS JCLARK, S/CT TKUSHNER, NEA/ARPI  
SWALKER AND RSMYTH, NEA/RA LLEE, IO/PSC BFITZGERALD,  
TREASURY FOR TFFC DGLASER AND OFAC FOR RWERNER, NSC FOR  
JZARATE, LONDON FOR LTSOU, MANAMA FOR JBEAL

E.O. 12958: DECL: 11/08/2015

TAGS: [EFIN](#) [ETTC](#) [KTFN](#) [PTER](#) [PGOV](#) [KU](#) [TERROR](#) [FINANCE](#)

SUBJECT: POST ASSESSMENT OF KUWAIT CASH COURIER ENVIRONMENT

REF: A. TREASURY 1346

[1](#)B. KUWAIT 4672

Classified By: Ambassador Richard LeBaron. Reasons 1.4 (b) and (d)

[1](#)1. (C) Per ref tel A request, the following is Post's  
assessment of Kuwait's cash courier environment.

At the Border and Legal Environment  
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[1](#)2. (C) The GOK's 2002 law (No. 35) "Concerning Combating  
Money Laundering" criminalizes cash smuggling within the  
context of money laundering and criminal activity. Article 2  
of the law makes illegal "the conversion, transfer,  
possession, acquiring, using, keeping or receiving money,  
knowing that that they are derived from a crime or one of the  
acts of participation herein. The concealment or disguise of  
the true nature of the money, its origin, place, manner of  
disposition, movement or rights to it or its possession,  
knowing that it is derived from a crime or any act of  
participation in the same."

[1](#)3. (C) The GOK currently only has a cash entry declaration  
policy as stipulated in the 2002 law, and subsequent Finance  
Ministry resolutions. GOK officials, most notably the  
Finance Minister, are skeptical about the practical  
applicability of cash exit declarations in Kuwait and are  
therefore reluctant to support the enactment of such measures  
in the foreseeable future (see ref B). Article 4 of the law  
states that "on entering the country, every person shall  
inform the customs authorities of any national or foreign  
currency, golden bars or any other precious materials in  
his/her possession that exceeds three thousand dinars (Note:  
approximately \$10,000) or equivalent in foreign currency."  
According to U.S. Customs advisors, these legal requirements  
are not well publicized nor are they immediately visible to  
travelers arriving through key entry points (e.g., airports,  
ports).

[1](#)4. (C) In July 2005, the Finance Ministry issued a  
resolution (No. 9) requiring KGAC to "prepare a Declaration  
Form (for entry only) in coordination with the related  
bodies" and making Kuwait General Administration of Customs  
(KGAC) "responsible for receiving the Declaration Form." On  
August 15, the Director General of KGAC directed the KGAC  
Investigations Office to execute the ministerial resolution.  
It is Post's understanding that the forms have not been  
printed pending funding allocations from the Finance Ministry  
to cover printing and distribution costs. (Note: Finance  
Minister Undersecretary Al-Shamali informed Econoffs in  
October that KGAC has since been directed to fund the

printing costs, estimated at \$34,000, from its own budget.)

¶5. (C) The GOK does maintain an active inspection facility at Abdali near the Iraqi border to inspect and seize cash and other smuggled goods bound for Iraq. This facility is equipped with an x-ray machine and is staffed by Kuwaiti police and customs inspectors. U.S. Customs advisors are working with KGAC to replicate the efforts of the Abdali facility at other Kuwait entry points. In an effort to outsource its revenue collection program, KGAC has signed a contract with two large private Kuwaiti firms (Global and PWC) to begin customs revenue collection at entry points as part of KGAC's broader privatization effort.

¶6. (C) While corruption does not appear to be recurrent and/or systemic, KGAC officials, by the virtue of their jobs, remain vulnerable to bribery and extortion. In an effort to counter such vulnerabilities, U.S. Customs advisors, working directly with KGAC officials, including the Director General, have been successful in raising awareness and sensitivities about the risks posed by cash couriers, particularly within the context of terrorist financing.

#### The Political Environment

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¶7. (C) Based on discussions with Embaffs, senior GOK officials are aware of the problems and challenges posed by successfully countering the informal cash courier networks. The main GOK entities in the CTF/AML effort are the Ministry of Finance (policies), Central Bank's FIU (reporting), Ministry of Interior (enforcement), the Public Prosecutor (investigations), Ministry of Social Affairs and Labor (charity oversight) and the KGAC (secondary investigative

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role). GOK officials continue to express their commitment to addressing legal and systemic shortfalls and are redrafting the 2002 law to strengthen the country's CTF/AML regime. Sustained engagement with the GOK leadership remains an important priority to ensure tangible progress on these and other CTF/AML measures.

¶8. (C) The degree of effective information sharing among relevant GOK agencies varies depending on bureaucratic rivalries and potential systemic deficiencies resulting from inadequate resourcing and over-centralized decision making. Information sharing externally is hampered by the lack of Egmont Group membership for Kuwait's FIU (Note: Current GOK policies require the FIU to secure the approval of the Public Prosecutor's Office prior to sharing information with non-GOK entities.)

¶9. (C) The Central Bank's AML unit and FIU (housed in Central Bank) are well-versed in FATF rules and regulations, including Special Recommendation IX on cash couriers. The Central Bank also enacts and maintains good oversight of Kuwait's banking and financial sector. Ambassador and visiting senior USG officials, most recently Treasury DAS Glaser and OFAC Director Werner, have engaged the Central Bank and other relevant GOK agencies on these and other CTF/AML priorities. However, more remains to be done to overcome delayed execution of existing cash declaration policies and secure GOK support for a cash exit declaration policy to augment the Government's overall CTF/AML efforts.

#### USG Assistance

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¶10. (C) Since 1992, the GOK has funded a U.S. Customs Advisory program to help strengthen its customs enforcement regime. There are presently two U.S. Customs advisors, assigned to KGAC, working directly with KGAC officials, including the Director General, to strengthen the KGAC's operations. Through daily interactions and formal training

seminars, hosted by the advisors and other USG participants (most recently in March 2005) KGAC officials are increasingly exposed to new methods and ways of assessing the threats posed by money laundering and terrorism financing. However, sustained training, at all levels, is needed to enhance KGAC performance and institutional awareness.

¶11. (C) On December 11-14, DHS and KGAC, in coordination with Post, will host a conference on money laundering and terrorism financing for GOK officials in order to expand intra-GOK awareness and understanding of CTF/AML priorities and objectives.

¶12. (C) Apart from in-country training conducted by U.S. Customs, Post is not aware of any other technical assistance or training relating to cash couriers conducted by the USG or other countries. GOK contacts in different agencies welcome and request continued USG technical assistance in all fields related to CTF/AML, ranging from legal reform to investigative training. The U.S. Customs advisors are working closely with KGAC offices to identify outstanding equipment needs to enhance KGAC operations. KGAC officials benefited from training in the 1990s at the Foreign Law Enforcement Training Center and would welcome similar training today. These and other practical training measures, either in the U.S. or in Kuwait, would foster greater GOK activism and improve their operational capacity.

#### The Strategic Picture

¶13. (U) Post concurs with reftel points outlining essential elements to combating terrorists' use of cash couriers and recommends adding: "Ensuring senior host-government awareness and commitment to adopting, implementing and sustaining policies to ensure timely and tangible success against cash smugglers and the broader CTF/AML effort."

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